

EXHIBIT 2



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

October 31, 2014

Laurence A Berg Estate
% Laura A Rapp
144 Corte Anita
Greenbrae, CA 94904



RE: Laurence A Berg Estate

Dear Ms. Rapp:

This is in response to your letter dated October 27, 2014. By a separate letter, I am addressing your request that the Service abate penalties on Form 1041 12-31-2009.

I am in receipt of Form 1041 2010, 2011, and 2012. The returns were forwarded to the service center for processing.

The balance due of \$58,610 is for Form 1041, Fiduciary Income Tax Return, which is due from the estate. It has nothing to do with Mrs. Berg or her estate. The tax is due because Mr. Berg's estate received post-death income of \$173k in 2009 and failed to pay the tax due on the due date of 4-15-10. Late payment penalty is assessed and continues to accrue at 1/2% per month until it reaches 25% of the tax. The estate also incurred penalty for late filing because the return was not filed by the extension date of 9-15-10. It was not filed until 10-19-10, over a month past the extension date. If the estate was in possession of \$173k, why did it not pay the 1041 tax of \$38,674 when the return was filed? I am enclosing a transcript for this tax period.

When our Counsel, Attorney Grosenick, made the statement to the Court, he was only speaking about the joint income tax returns of Mr. and Mrs. Berg, Form 1040 2006, 2007, and 2008 which were due and owing. He was unaware of the delinquent tax due from Mr. Berg's estate for Form 1041 2009, which is a separate tax matter. Obviously, the Service and the Estate were not on the same page during the conference call with the Court.

The Service received partial payments in January 2012 from both estates for the joint income taxes, Form 1040, which also included penalties and interest. The Service received \$161,567.24 from Mr. Berg's estate which full paid 1040 2007 and almost full paid 2008, except for a minor amount of interest due. I am enclosing transcripts for Form 1040 2006, 2007, and 2008 which reflect assessments, payments, and credits. Please note that 1040 2008 still shows a small balance due.

At the time that the joint income tax was paid in January 2012, (Form 1040 2006, 2007, and 2008), the personal rep could have requested consideration on the penalties due to the death of Mr. and Mrs. Berg. Had you done so, the Service would have considered abatement of penalties that accrued after the date of death. At this time, the Service may no longer consider abating any penalties on Form 1040 2006, 2007, and 2008, because the payment is more than 2 years old. A claim for refund must be filed within 2 years of payment.

I personally did not receive any of the letters that Attorney Bullard sent to the Service. I did not become involved in this case until late August 2014, when I was contacted by Attorney David Weller.

Please be advised that Form 1040 200912 (for pre-death income) has not been filed for Mr. Berg by the estate. Based on information on our records, it appears that it would have been an overpaid return. However, the refund or offset is now barred due to statute. Taxpayers have 3 years from the due date of the return to claim an overpayment. In this case 1040 2009 was due 4-15-10 + 3 years = 4-15-13.

I have noted that Ms. Bullard stated in one letter to the Service that we are using an address that is more than 8 years old. Our CAF records (for power of attorney) do not have a current address for Ms. Bullard. I had sent correspondence to Ms. Bullard to 2 different addresses that I found, and each came back undeliverable. It is the responsibility of the representative to ensure that he/she notifies the Service to update the CAF record when he/she moves to a new address.

If you have questions, you may reach me at 414-231-2128. Our address is Internal Revenue Service, 211 W Wisconsin Avenue, Stop 5303, Milwaukee, WI 53203. Thank you for your cooperation.

Sincerely yours,

Ms. Kosmatka

Ms. Kosmatka, Badge No. 1000480913
Advisor

Enclosure (4)
Cc: Susan Bullard (w/1 enc)
Richard Grosenick